GOVERNMENT OF INDIA
PLANNING
LOK SABHA

UNSTARRED QUESTION NO:1767
ANSWERED ON:12.03.2008
GADGIL MUKHERJEE FORMULA
Kripalani Shri Srichand;Narhire Smt. Kalpana Ramesh

Will the Minister of PLANNING be pleased to state:

(a) whether the Government are contemplating to amend the Gadgil-Mukherjee formula which is the basis for providing assistance to the States; and

(b) if so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF PLANNING (SHRI M.V. RAJASEKHARAN)

(a) & (b): The Gadgil-Mukherjee formula is currently used for apportioning Normal Central Assistance for the Plan amongst the States. The Eleventh Five Year Plan Document, as endorsed by 54th National Development Council Meeting, December, 2007, has indicated that there does not seem to be any reason any more for continuing with two different formulae for apportionment of share of Central taxes and Normal Central Assistance amongst the States.

The Eleventh Five Year Plan document has suggested that adopting the formula used for sharing of Central Taxes also for distribution of Normal Central Assistance would have the added advantage of providing for a fresh examination of the formula, criteria and weights by an impartial, professional body once every five years, unlike in the case of the Gadgil formula and its variants, where the process of adapting to change is very time consuming.